



**Testimony before the Senate Health Policy Committee**

**By**

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Michigan Primary Care Association**

**And**

**Jayson Welter, President  
Michigan County Health Plan Association**



Senator George and members of the committee, my name is Doug Paterson and I represent the Michigan Primary Care Association whose members consist of 32 organizations operating 160 community health centers, often called Federally Qualified Health Centers, throughout our state. All of these centers are located in medically underserved areas and/or serve historically underserved populations including, and most importantly, those without insurance. With me is Jayson Welter, President of the Michigan County Health Plan Association, which represents 32 projects in 73 counties covering over 150,000 low income adults with basic medical care coverage and prescription drugs. Over half of the persons covered by County Health plans are served by FQHC's. When a patient walks into one of our centers, they become a patient for life if they desire, and our health centers will provide medical and support services needed regardless of income or ability to pay. However, even the most philanthropic organization with such a mission can only stay in business if there is revenue. Obviously, having an FQHC with a mission to serve everyone but an inability to sustain itself is of no use. As more and more people become uninsured and seek our services, we must have help in obtaining revenue to continue to provide medical care.

As you are aware, over 1.2 million people in our state are currently uninsured. We estimate that almost 2/3's or 750,000 of those are uninsured because of their inability (not unwillingness) to pay for health insurance. Inability to pay is an interesting concept in the insurance market because it is solely determined by each individual. It is a purely demand driven concept that forces each individual and or family to measure "worth" against everything else that demands their resources. For two people with the same income and insurance status, inability may be hundreds of dollars different based upon their perceived need for health coverage. Obviously for a person needing medical care, the willingness to participate in the cost is much higher than for someone who is healthy.

For a majority of the uninsured in Michigan and most of the people served by qualified health centers in Michigan (including all the adults currently covered by the Adult Benefit Waiver under Medicaid) the success or failure of what is being proposed in Senate Bill 579 will depend totally upon the amount of money those individuals will be expected to contribute. If the premiums and co-pays are not kept to very modest levels, in the 10's of dollars, not hundreds of dollars, they will not choose to participate and instead will elect to go without needed care until a crisis arises. Unfortunately there are very few if any people who at some point in life, don't experience crises. So the gamble, becomes not if but when the crises will happen. For all those who lose the gamble, not only are they forced to suffer the consequences but we all end up paying for the costs as

has been fairly well documented through uncompensated care and resulting cost shifts to other sources of revenue such as increases charges and premiums.

For this reason, the MPCA and MCHPA wholeheartedly support the proposal to expand Medicaid coverage to persons with incomes below 200% of poverty under MIAccess. This is the population least likely to define health care as affordable and who often have the greatest health care needs. This is also very strategic as it leverages significant federal dollars (over 70% of the cost) from the federal government. While we recognize that these are still taxes we all pay, they are available to our state, and are a good investment of federal public dollars that over the long haul will save us all money through better management of hospitalization, chronic disease and pharmaceutical costs.

One concern we do have is that obviously our networks cannot provide services to all Medicaid participants, so support from the private medical sector is also crucial to success. As more and more physicians elect not to participate in Medicaid or they limit the numbers of Medicaid patients they will accept, we are concerned that not addressing the issue of Medicaid reimbursement rates could be detrimental to success. It would be our hope and recommendation that in the design of MIHealth this can be addressed.

We must also ask that as you deliberate benefits for the MI Coverage program, serious consideration be given to products that include evidence based benefit design that could include mental health, substance abuse and dental services.

Finally, we would like to formally congratulate Senator George and those of you who have been working with him on this issue of individual market reform, for openly and honestly recognizing that the greatest need in the debate over individual reform is not what is best for insurers, but what is best for a large and growing contingent of our states residents, those without health insurance. In our opinion, this was not a sincere part of last year's debate on this issue. We believe these bills do address this issue head on. Obviously, how our insurers are regulated, treated and encouraged to offer their products to the public impacts the health insurance market and therefore are extremely important in the debate about what the ultimate re-design looks like. You as legislators have to referee the debate over such things as spreading risk, medical underwriting, fair playing fields, mechanisms for re-insurance, rate differentials, discontinuation of product lines, etc. However, in the end, success will be judged, not on whether insurers won or lost, but on whether more people who would not otherwise have insurance coverage, are now participating in that market and receiving care.

We believe Senate Bill 579 - 582 will accomplish that purpose.

We stand ready to help accomplish the goal of expanded coverage to our State's residents in any way we can and we thank you again for addressing an issue that is core to the Mission of our organizations.